

# **Exhibit**

**20**

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## Minister Teodoro Nguema Obiang Mangue

Presentation to the United States Department of Justice

3 June 2011

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## Equatorial Guinea Background: Before 1995

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- EG gained independence from Spain in 1968.
- President Obiang assumed power in 1979.
- The country was deeply impoverished until US companies discovered oil in the mid-1990s.
- Before the discovery of oil, the government could not afford to pay its officials.
- In order to recruit government officials, EG paid its government officials with in-kind contributions and allowed government officials to pursue private business ventures.
  - Indeed, according to the US Embassy in Malabo:
    - *As testament to the then-prevailing level of abject poverty, former U.S. Ambassador to EG Chester Norris (1989-1992) relates having to personally loan money to President Obiang himself so he could 'buy gasoline to go to local political events.'*
    - *[B]efore the oil revenues started to flow, lack of resources in its early days often led the government to compensate its officials with in-kind transfers. Land, operating licenses and import concessions were common forms of 'payment' to ministers and other ranking officials during a period when 'there was often no money to pay salaries.'*

Source: Cable 09MALABO27 (Unclassified) from Embassy Malabo to the Secretary of State, 9 March 2009.

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## Equatorial Guinea Background: 1995 to Present

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- The discovery of oil led to the rapid expansion of the economy, and at one point EG was the fastest-growing economy in the world.
- Since then, there have been substantial economic gains and an increase in the standard of living.
- Nonetheless, the government has a dearth of access to qualified government officials.
- As a result, government officials are still permitted to maintain private business interests.
  - *EG has no law limiting or even defining conflict of interest. Most ministers continue to moonlight and conduct businesses that often conflate their public and private interests. The Minister of Justice has his own private law firm, in which he maintains an active hand and open interest -- **and which is not illegal under current EG law**. In similar fashion, the Minister of Transportation and Communications is director of the board and owns shares in the parastatal airline, not to mention the national telephone company.*

Cable 09MALABO27 (Unclassified) from Embassy Malabo to the Secretary of State, 9 March 2009 (emphasis added)

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## Riggs Bank Investigation: Summary

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- In 2003, the US Senate initiated an investigation “to evaluate the enforcement and effectiveness of key anti-money laundering provisions in the Patriot Act, using Riggs Bank as a case history.”
- The report in July 2004 found that “since at least 1997, Riggs has disregarded its anti-money laundering (AML) obligations ... and allowed or, at times, actively facilitated suspicious financial activity.”
  - The Senate investigation focused on the wrongdoing by the Bank and its officials, not EG. In fact, EG relied on the Bank and was fully transparent.
    - *[S]tudy of the record shows the bank itself to have been at fault with regard to its reporting responsibilities, while the accounts associated with EG can be reasonably explained.*

US Senate, Permanent Subcommittee on Investigations, Committee on Governmental Affairs, Minority Staff Report, *Money Laundering and Foreign Corruption: Enforcement and Effectiveness of the PATRIOT Act, Case Study Involving Riggs Bank* (July 15, 2004).

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## Riggs Bank Investigation: Equatorial Guinea's Role

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- As reflected in the Report, the US Government has long been aware of EG government officials' private business activities.

- *Both the amounts in the government accounts and those in individual accounts are easily in line with amounts generated respectively by oil revenues **and private activities** of those concerned.*

US Senate, Permanent Subcommittee on Investigations, Committee on Governmental Affairs, Minority Staff Report, *Money Laundering and Foreign Corruption: Enforcement and Effectiveness of the PATRIOT Act, Case Study Involving Riggs Bank* (July 15, 2004) (*emphasis added*).

- EG and Minister Nguema also cooperated fully in enforcement actions arising from the Senate investigation.
- In fact, Minister Nguema was a victim of fraud by a senior bank official and cooperated with the resulting investigation.



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## Collection of Information: Limitations

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- **The collection of relevant information in Equatorial Guinea was subject to the following significant limitations.**
  - Government and private control.
    - A substantial amount of information is in the possession of government agencies or private parties over which Minister Nguema exercises no control.
  - Record keeping.
    - No electronic record-keeping.
    - Limited past practice of archiving government and commercial documentation.
  - Geographical challenges.
    - Documents located in cities across Equatorial Guinea.
  - Significant time constraints.
  - Linguistic barriers.

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## Minister Nguema: Political Career

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- **1998 to 2001: Advisor to Director of Forestry.**
  - Duties and Responsibilities: Provide advice regarding forestry policies, including conservation policies.
- **2001 to the Present: Minister of Forestry and Agriculture.**
  - Duties and Responsibilities: Develop and implement national agriculture and forestry policies.
- No other government positions.
- Minister Nguema was educated in France (high school and college).

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## Minister Nguema: Political Career (cont'd)

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- Minister Nguema is a champion of environmental conservation and youth development.
  - Conservation International describes Equatorial Guinea as “[a]n emerging frontier of conservation and development.”

*Equatorial Guinea*, CONSERVATION INTERNATIONAL,

[http://www.conservation.org/explore/africa\\_madagascar/equatorial\\_guinea/Pages/equatorial\\_guinea.aspx](http://www.conservation.org/explore/africa_madagascar/equatorial_guinea/Pages/equatorial_guinea.aspx)

- Under Minister Nguema’s leadership, more than 300 agricultural cooperatives for small farmers have been created.
- Minister Nguema is also an active leader in the PDGE, in which he is the Vice-President of the PDGE Youth Federation.

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## Minister Nguema: Commercial Enterprises

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- Minister Nguema has been a long-standing businessman.
- Minister Nguema's business career started in 1993, six years before he became a government official.
- Presidential timber concession granted to the Minister in 1993 for 25,000 hectares of forest.
- **Minister Nguema's companies include:**
  - **Sofona S.L.**
    - Incorporated in 1993.
    - Engaged in the production and sale of timber.
    - Minister Nguema owns 99% of the company.
    - Presidential timber concession granted to Sofona in 1994 for 11,000 hectares of forest.
    - Ceased operations in 1999.
  - **Somagui S.L.**
    - Incorporated in 1998.
    - Engaged in the production and sale of timber and road construction.
    - Minister Nguema owns 100% of the company.
    - Since 2002, due to EG's increasingly restrictive regulations on the timber industry, Somagui primarily focuses on the construction business.
    - Currently employs roughly 250 workers.
  - **Socage**
    - Incorporated in 2003.
    - Engaged in road construction.
    - Operational for only a short period of time.

## Minister Nguema: Articles of Incorporation, Sofona (Incorporated on March 7, 1993)

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- See Exhibit 1 and Exhibit 1-A.

## Minister Nguema: Articles of Incorporation, Sofona (Incorporated on March 7, 1993)

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- See Exhibit 1 and Exhibit 1-A.

## Minister Nguema: Articles of Incorporation, Somagui (Incorporated on February 2, 1998)

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- See Exhibit 2 and Exhibit 2-A.

## Minister Nguema: Articles of Incorporation, Somagui (Incorporated on February 2, 1998)

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- See Exhibit 2 and Exhibit 2-A.



## Minister Nguema: Articles of Incorporation, Socage (Incorporated on October 24, 2003)

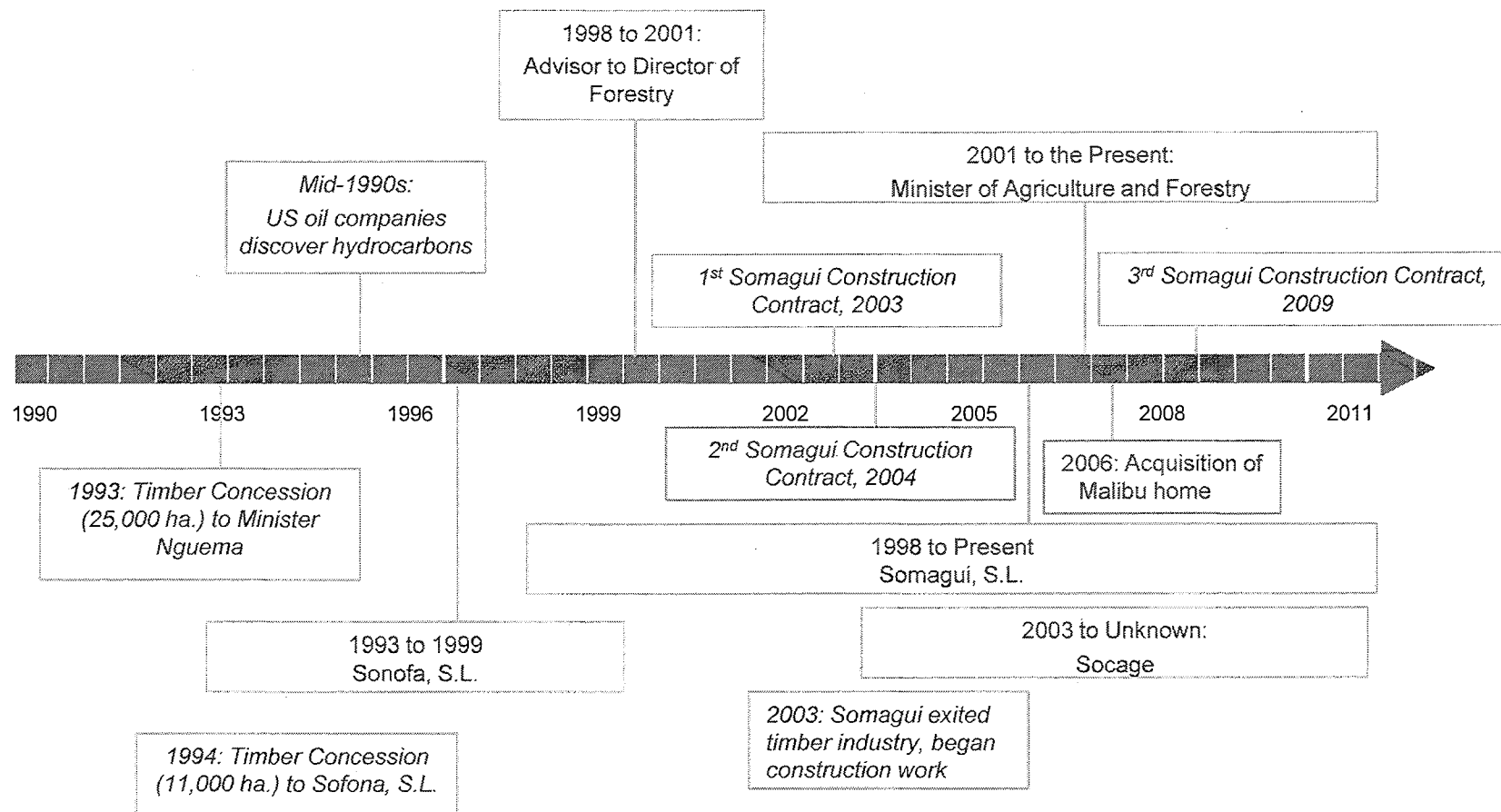
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- See Exhibit 3 and Exhibit 3-A.

## Minister Nguema: Overview of Political Career and Commercial Activities

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## Minister Nguema: Sources of Funds: Estimated Corporate Revenues from 1994-2009

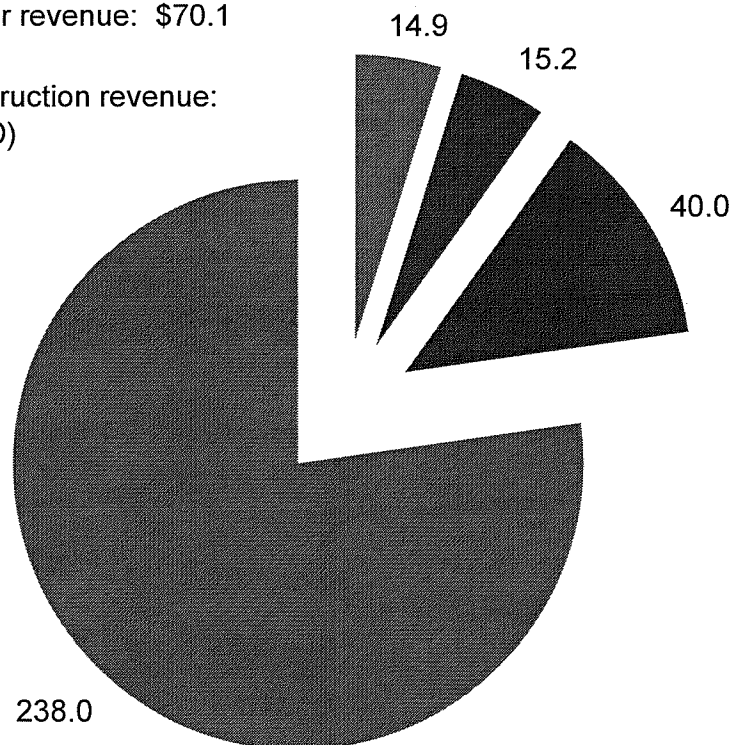
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Total estimated revenue: \$308.1  
(Millions, USD)

Total estimated timber revenue: \$70.1  
(Millions, USD)

Total estimated construction revenue:  
\$238.0 (Millions, USD)

### Revenues (Millions, USD)



■ Sofona Estimated Revenues from 1994 to 1999

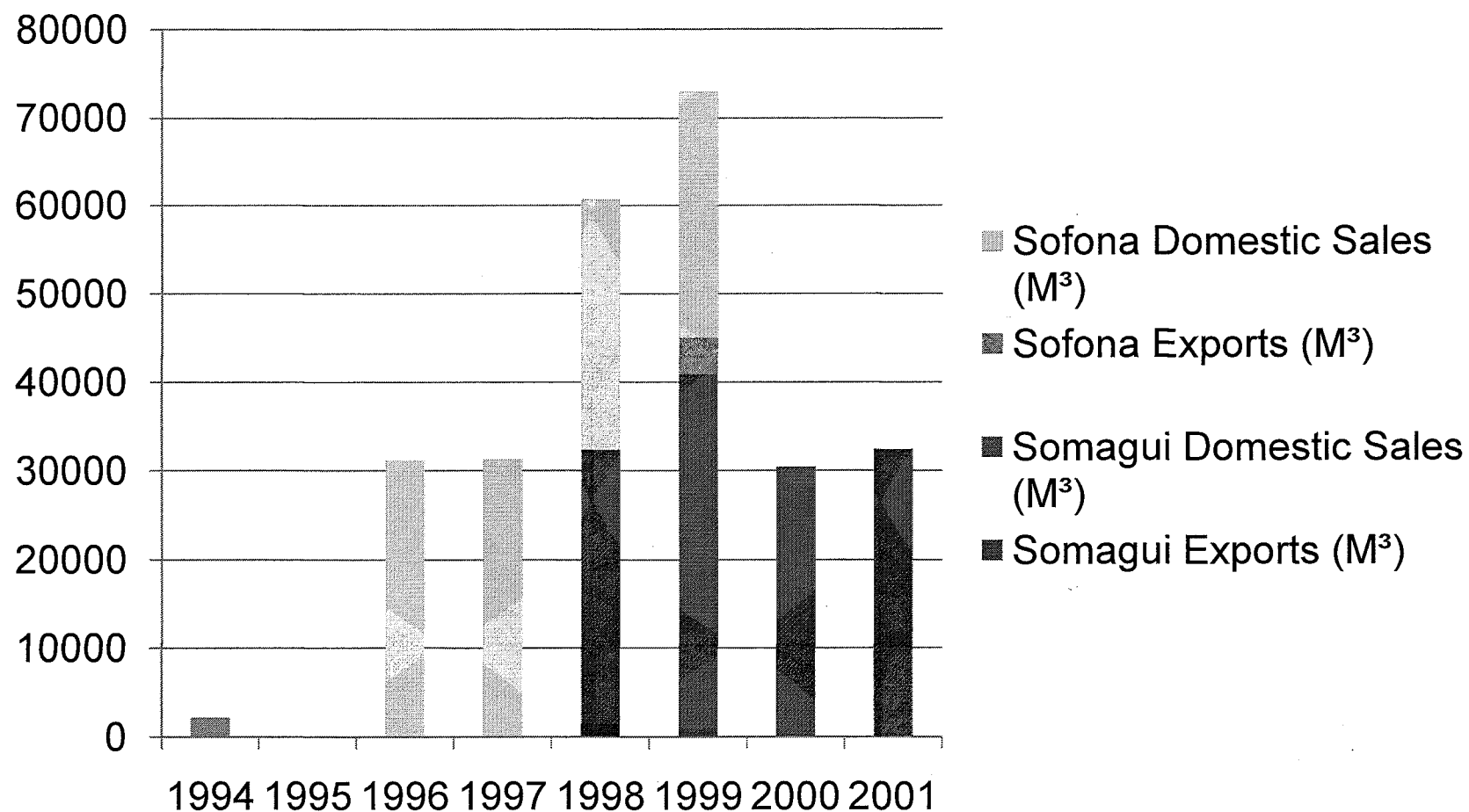
■ Somagui Estimated Revenues from 1998-2001

■ Sofona-Shimmer Joint Venture Estimated Revenues

■ Somagui Construction Estimated Revenues

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## Minister Nguema: Sources of Funds: Overview of Timber Sales



## Minister Nguema: Sources of Funds: Production and Sales Figures for Somagui and Sofona

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- See Exhibit 4 and Exhibit 4-A.

## Minister Nguema: Sources of Funds: Equatorial Guinean Law Governing Concessions

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- Award of Presidential Concessions.
  - Relevant Ministries make a recommendation to the President.
  - Recommendations are based on encouraging economic development, domestic participation, and merits of proposal.
  - The same approach applies to all industries including the oil industry.
- Power to Grant Concessions.
  - The Constitution gives the President the power to issue presidential decrees.
    - Presidential decrees include grants of concessions.
  - Parliament has the power to regulate the manner in which concessions are awarded.
  - Anyone may challenge an awarded concession through an administrative proceeding.

## Minister Nguema: Sources of Funds: First Timber Concession, Awarded to Minister Nguema on January 8, 1993

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- See Exhibit 5 and Exhibit 5-A.

## Minister Nguema: Sources of Funds: Second Timber Concession, Awarded to Sofona May 5, 1994

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- See Exhibit 6 and Exhibit 6-A.



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## Minister Nguema: Sources of Funds: Joint-Venture Agreement with Shimmer International

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- Provides for exploitation of 25,000 hectares by Shimmer International.
- The price per cubic meter to be paid to Sofona was \$14.

■ **See Exhibit 7 and Exhibit 7-A.**

## Minister Nguema: Sources of Funds: Comparison of Timber Concessions

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- **The concessions awarded to Minister Nguema (1993) and Sofona, S.L. (1994) were granted on comparable terms as other timber concessions awarded at that time.**
- **The material terms are: (1) the number of hectares; (2) duration; and (3) price.**
  - The 12 concessions awarded between 1993 and 1997, to individuals, EG companies, and foreign companies, ranged in size from 5,000 to 50,000 hectares.
    - Minister Nguema was granted the right to cultivate 11,000 hectares.
    - Sofona was granted the right to cultivate 25,000 hectares.
  - The price of the same concessions ranged from \$0.12 to \$1.20 for each hectare per year.
    - For concessions to individuals, the price ranged from \$0 to \$0.24.
    - For concessions to EG companies, the price ranged from \$0.12 to \$0.20.
    - For concessions to foreign companies, the price ranged from \$0.12 to \$1.20.
    - The price of Minister Nguema's concession was \$0.14 plus a 5% tax on all exports.
    - The price of Sofona's concession was a 5% tax on all exports.

## Minister Nguema: Sources of Funds: Comparison of Timber Concessions (cont'd)

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Date	Grantee	Corporation/ Individual	Size	Duration	Cost
8 Jan. 1993	Teodoro Nguema Obiang	Individual	25,000 hectares	20 years	<ul style="list-style-type: none"> <li>Annual tax of USD \$0.14 per hectare (USD \$3,500/ year; USD \$70,000 total)</li> <li>5% tax on all timber exports <ul style="list-style-type: none"> <li>Total: USD \$70,000 + 5% tax on all timber exports</li> </ul> </li> </ul>
13 Jan. 1993	Bueta-Urcolas-Forestal, S.L.	Corporation	35,000 hectares	10 years	<ul style="list-style-type: none"> <li>USD \$4,400 annual tax (USD \$44,000 total)</li> <li>USD \$42,000 for reforestation efforts <ul style="list-style-type: none"> <li>Total: USD \$86,000</li> </ul> </li> </ul>
11 June 1993	Angel Alogo Nchama	Individual	12,000 hectares	5 years	<ul style="list-style-type: none"> <li>None stated</li> </ul>
5 May 1994	SOFONA	Corporation (EG)	11,000 hectares	5 years	<ul style="list-style-type: none"> <li>5% tax on all timber exports</li> </ul>
17 Sept. 1994	AFOSA	Corporation (EG)	12,000 hectares	10 years	<ul style="list-style-type: none"> <li>USD \$24,000</li> </ul>
9 March 1995	Isoroy Ecuatoguineana, S.A.	Corporation	50,000 hectares	10 years	<ul style="list-style-type: none"> <li>USD \$60,000 annual tax <ul style="list-style-type: none"> <li>Total: USD \$600,000</li> </ul> </li> </ul>
28 Oct. 1995	SIJIFO	Corporation (China)	50,000 hectares	10 years	<ul style="list-style-type: none"> <li>USD \$90,000</li> </ul>
20 March 1996	EXBISO-2000, S.A.	Corporation (EG)	22,000 hectares	10 years	<ul style="list-style-type: none"> <li>USD \$26,400</li> </ul>
23 Sept. 1996	Vicwood Group	Corporation (China)	35,000 hectares	10 years	<ul style="list-style-type: none"> <li>USD \$42,000</li> </ul>
23 Oct. 1996	Jacques Salat Baroux	Individual (French Citizen)	10,000 hectares	10 years	<ul style="list-style-type: none"> <li>Unspecified; half of concession's value must be paid upon grant; remainder to be paid over 10 years</li> </ul>
11 Nov. 1996	Antonio Mba Nguema	Individual	18,000 hectares	10 years	<ul style="list-style-type: none"> <li>USD \$21,600</li> </ul>
29 Apr. 1997	Elias Ondo Edjo	Individual	5,000 hectares	5 years	<ul style="list-style-type: none"> <li>USD \$6,000</li> </ul>

## Minister Nguema: Sources of Funds: Executive Branch Concessions

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- A widely used legal vehicle throughout Africa, the Middle East and parts of Asia.
- Minister Nguema obtained his concessions in the same manner as other foreign and domestic industry participants and under similar terms.
- US oil companies are operating in EG under the system.

## Minister Nguema: Sources of Funds: Exemplary Timber Concession 1

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- See Exhibit 8 and Exhibit 8-A.

## Minister Nguema: Sources of Funds: Exemplary Timber Concession 2

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- See Exhibit 9 and Exhibit 9-A.

## Minister Nguema: Sources of Funds: Exemplary Timber Concession 3

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- See Exhibit 10 and Exhibit 10-A.

## Minister Nguema: Sources of Funds: Somagui Construction Contracts

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Contract	Date Awarded	Time Period	Value	Description of Project
<b>Service Order No. 047/GEP/03</b>	18 Nov. 2003	16 months	USD \$23.4M	Rehabilitation of the Akuetom (Anisok)-Djiploho and King (Mbini)-Akelayong Highway
<b>Service Order No. 046/GEP/04</b>	13 Nov. 2004	36 months	USD \$182.4M	Construction and Pavement of the Ebebiyin-Mongomo Highway
<b>Service Order No. 020/GEP/09</b>	19 June 2009	24 months	USD \$60.3M	Rehabilitation of the Bata-Ausa (Niefang), Miboman-Akora Highway



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## Minister Nguema: Sources of Funds: Somagui Construction Contracts

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- Minister Nguema's companies obtained the construction contracts in the same manner and under similar terms as other industry participants.
- EG's contracting system is not at all unusual and indeed it compares favorably to the systems in place in other developing countries throughout the world.
- Major international construction companies including European companies have operated and are operating under the same system.

## Minister Nguema: Sources of Funds: First Road Construction Contract, 2003

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- See Exhibit 11 and Exhibit 11-A.

## Minister Nguema: Sources of Funds: Second Road Construction Contract, 2004

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- See Exhibit 12 and Exhibit 12-A.

## Minister Nguema: Sources of Funds: Third Road Construction Contract, 2009

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- See Exhibit 13 and Exhibit 13-A.

## Minister Nguema: Sources of Funds: Management and Market Share

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■ **Minister Nguema's function within his companies.**

- Not a board member.
- Not involved in directly managing the companies' business affairs.
- The companies are run by professional management teams.

■ **Sofona and Somagui are two of several timber industry market participants.**

- Competing companies received timber concessions by Presidential decree identical or similar to the decrees granted to Minister Nguema.
- Extensive competition of domestic and foreign companies, including Shimmer International (Malaysia), Sofmal (Lebanon), Sijifo (China), Chilbo (Korea), and SICME (EG).
- For example, from 1998 – 2000, Somagui's timber production constituted 6% of EG's total timber production (104,107 cubic meters of EG's total timber production of 1,887,000 cubic meters).

■ **Somagui is one of several construction industry market participants.**

- Competing companies include China Road and Bridge Corporation (China), China State (China), Razel (France), Sogea-Satom (France), and Besix (Belguim).

■ **Sofona and Somagui are not the biggest players in the EG timber and construction industries.**

■ **Sofona and Somagui exported timber to various countries, including Spain, Turkey, Germany, Japan, and Morocco.**

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## Minister Nguema: Sources of Funds: Summary of Revenues

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### ■ Revenues generated from Sofona direct timber sales.

- From 1994-1999, Sofona sold a total of 133,254 cubic meters of timber.
- During this period, the estimate average price of timber per cubic meter was \$112.
- The total estimate revenues of Sofona over this time period are \$14.9 million.

### ■ Revenues generated from Somagui direct timber sales.

- From 1998-2001, Somagui sold a total of 136,137 cubic meters of timber.
- During this period, the estimate average price of timber per cubic meter was \$112.
- The total estimated revenues of Somagui over this time period were \$15.2 million.

### ■ Revenues generated from joint venture with Shimmer International.

- Estimated revenues of \$40 million.

### ■ Revenues from Somagui construction work.

- Somagui has obtained three government contracts for large-scale road construction in 2003 (\$23.4 million), 2004 (\$182.4 million) and 2009 (\$60.3 million).
- The total value of these contracts is \$266 million.
- To-date, approximately \$238 million of revenues under these government contracts have been realized.

## Minister Nguema: Sources of Funds: Payments Under Government Contracts

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- See Exhibit 14 and Exhibit 14-A.

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## Minister Nguema: Local Banking Relationships

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- **Minister Nguema has maintained long-standing personal and corporate banking relationships.**
  - Societe Generale De Banques En Guinee Equatoriale.
    - Corporate and personal bank accounts since 1998.
  - CCEI Bank GE.
    - Corporate and personal bank accounts since 2000.
    - The bank is a subsidiary of Afriland First Bank.
    - It is EG's largest bank by net asset value.
- **The majority of Minister Nguema's funds at Societe Generale and CCEI Bank stem from his commercial activities.**



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## Minister Nguema: Local Banking Relationships: Certificate, Société Générale

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- See Exhibit 15 and Exhibit 15-A.

## Minister Nguema: Local Banking Relationships: Certificate, CCEI Bank GE

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- See Exhibit 16 and Exhibit 16-A.

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## Minister Nguema: US Asset Purchases

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- Minister Nguema purchased all of his US assets using proceeds from his timber and construction companies.
- Minister Nguema retained and relied on US counsel for his US purchases.
- Minister Nguema used California corporate vehicles to purchase his home for privacy reasons.
- Minister Nguema did not use offshore corporate vehicles from opaque jurisdictions.
- The use of corporate vehicles to purchase homes is not at all unusual.

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## Minister Nguema: Unfounded Allegations

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1. Oil Industry
2. Revolutionary Tax
3. Denuding of Forests

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## Minister Nguema: Unfounded Allegations: Oil Industry

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- Minister Nguema is not involved, nor has he ever been involved, in EG's oil industry.
- Declaration of Marcelino Owono Edu, Minister of Mines and Energy.
  
- **See Exhibit 17 and Exhibit 17-A.**

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## Minister Nguema: Unfounded Allegations: Revolutionary Tax

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- Minister Nguema neither implemented nor collected a revolutionary tax.
- Any new tax law must be approved by various state institutions.

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## Minister Nguema: Unfounded Allegations: Revolutionary Tax

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Declaration of Baltasar Ebang Engonga, Director General for Taxes and Contributions

- **See Exhibit 18 and Exhibit 18-A.**

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## Minister Nguema: Unfounded Allegations: Denuding of Forests

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- The presidential decrees did not award exclusive or even substantial control over EG's forests to Minister Nguema.
- As set forth above, for example, Sofona's timber sales from 1998 to 2000 constituted only 6% of EG's total timber output.
- 58% of Equatorial Guinea is forested.
- From 1990 to 2010, only 12.6% of the forest was harvested, with 87.4% of the 1990 coverage remaining.
  - For comparison, from 1990 to 2005, Niger, Nigeria, and Liberia had deforestation rates of 34.9%, 36.8%, and 22.3%.



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## Legal Standard: US Law

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### ■ Governing US law.

- Civil forfeiture statute, 18 U.S.C. § 981. Property involved in money laundering is subject to civil forfeiture.
- Money laundering statute, 18 U.S.C. § 1957. Whoever, in any of the circumstances set forth in subsection (d), knowingly engages or attempts to engage in a monetary transaction in criminally derived property of a value greater than \$10,000 and is derived from specified unlawful activity, shall be punished as provided in subsection (b).
- Specified unlawful activity. The US must identify some “specified unlawful activity”: an “offense against a foreign nation,” including “extortion,” “misappropriation, theft, or embezzlement of public funds by or for the benefit of a public official.”
- Offense against a foreign nation. “An ‘offense against a foreign nation’ refers to offenses which are prohibited under the law of the foreign nation in which it is committed.” *United States v. One 1997 E35 Ford Van*, VIN 1FBJS31L3VHB70844, 50 F. Supp. 2d 789, 802 (N.D.Ill. 1999); *United States v. Awan*, 459 F. Supp. 2d 167, 183 (E.D.N.Y. 2006).

## Legal Standard: Equatoguinean Law: Preventing Capital Flight and Declaration of Tomas Esono Ava, Minister of Public Administration and Administrative Planning

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- Equatorial Guinea's legal regime is designed to prevent capital flight and foreign exploitation of resources without corresponding domestic investment.
- Decree No. 127/2004 (Sept. 14, 2004): "The participation of Equatorial Guinean partners in companies created in Equatorial Guinea by foreigners, or foreign companies established in the country, may not comprise less than 35% of the capital stock. The national participation shall be of no less than three national partners. The nationals must have a minimum of 1/3 of the representatives on the Board of Directors."

■ **See Exhibit 19 and Exhibit 19-A.**

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## Legal Standard: Equatoguinean Law: Conflict of Interest

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- Law on Ethics and Dignity of Public Officials (2004).  
Establishes that public officials may own assets, including investments in companies, that fall under their sector of responsibility, so long as they do not “manage, administer, represent, sponsor, counsel or provide services to anyone who is a state supplier or involved in activities regulated by the state.”
- Minister Nguema does not have a management role in any of his corporations. He is a shareholder only.

## Legal Standard: Declaration of Tomas Esono Ava, Minister of Public Administration and Administrative Planning

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## Legal Standard: Equatoguinean Law

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- Minister Nguema is a public official in good standing in EG.
- No past or current investigations or prosecutions of any kind.
- His commercial activities fully comply with all applicable laws.
- His companies are fully tax compliant.

## Legal Standard: Equatoguinean Law: Declaration of Juan Abaga Oyono, Public Prosecutor for Administrative Investigations

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## Legal Standard: Equatoguinean Law: Declaration of Francisco Javier Ngomo Mbengon, Minister of Justice

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- **See Exhibit 21 and Exhibit 21-A.**

## Legal Standard: Equatoguinean Law: Certificate of No Criminal History

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- See Exhibit 22 and Exhibit 22-A.



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## Legal Standard: Equatoguinean Law: Sofona Tax Compliance

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- See Exhibit 23 and Exhibit 23-A.

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## Legal Standard: Equatoguinean Law: Somagui Tax Compliance

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- See Exhibit 24 and Exhibit 24-A.

## Legal Standard: Equatoguinean Law: Somagui Tax Declaration 2004

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- See Exhibit 25 and Exhibit 25-A.

## Legal Standard: Equatoguinean Law: Somagui Tax Declaration 2005

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- See Exhibit 26 and Exhibit 26-A.

## Legal Standard: Equatoguinean Law: Somagui Tax Declaration 2006

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- See Exhibit 27 and Exhibit 27-A.

## Legal Standard: Equatoguinean Law: Somagui Tax Declaration 2007

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- See Exhibit 28 and Exhibit 28-A.

## Legal Standard: Equatoguinean Law: Somagui Tax Declaration 2008

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- See Exhibit 29 and Exhibit 29-A.

## Legal Standard: Equatoguinean Law: Somagui Tax Declaration 2009

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- See Exhibit 30 and Exhibit 30-A.



## Legal Standard: Equatoguinean Law: Somagui Tax Declaration 2010

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- See Exhibit 31 and Exhibit 31-A.

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## Legal Standard: Equatoguinean Law: Recent Corruption Prosecutions in Equatorial Guinea

Date	Defendant(s)	Charges	Result
2011	<ul style="list-style-type: none"> <li>Elias Edjo Iliana.</li> <li>Mr. Iliana is the son of EG's current ambassador to France.</li> </ul>	<ul style="list-style-type: none"> <li>Embezzlement of funds from SEGESA, the majority state-owned electricity company.</li> <li>Approximately USD \$250,000 was allegedly embezzled.</li> </ul>	<ul style="list-style-type: none"> <li>Trial completed; awaiting verdict and sentencing.</li> <li>Prosecutor is seeking maximum penalty of 12 years incarceration.</li> </ul>
2010	<ul style="list-style-type: none"> <li>Antonio Owono Elo.</li> <li>Mr. Elo is the son of Demetrio Elo Ndong Nsefumu, the current EG Vice-Prime Minister and Minister of Public Works and Infrastructure.</li> </ul>	<ul style="list-style-type: none"> <li>Embezzlement of funds from GETESA, the majority state-owned telecommunications company.</li> <li>Approximately USD \$22M was allegedly embezzled.</li> </ul>	<ul style="list-style-type: none"> <li>Mr. Elo was incarcerated for approximately one year during the initial trial.</li> <li>Mr. Elo was found not guilty by the trial court.</li> <li>The prosecutor has appealed the not guilty verdict to the EG Supreme Court, where the case is currently pending.</li> </ul>
2010	<ul style="list-style-type: none"> <li>11 former employees of the Treasury and Budget Ministry.</li> </ul>	<ul style="list-style-type: none"> <li>Embezzlement of public funds; falsification of official documents; misappropriation of public funds.</li> </ul>	<ul style="list-style-type: none"> <li>Sentences ranging from 2-17 years imprisonment and fines ranging from USD \$2,000 to \$4,000.</li> <li>Restitution of approximately USD \$500,000 per defendant.</li> </ul>

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## Legal Standard: US Law Precedents

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- A US civil forfeiture action has never been brought against a sitting foreign government official without concrete evidence of violations of local laws.
- No concrete allegations of corruption against Minister Nguema.
- The facts here are completely inapposite to the forfeiture proceeding involving the former president of Taiwan.
  - That action is premised on a court conviction for corruption.
  - That action contains concrete, specific evidence of bribery, including:
    - Testimony from the recipient and provider of the bribe.
    - Documentary evidence establishing the attempted disguising of the payment of the bribe.
    - Evidence of quid pro quo.
- No action against US oil companies after investigation for FCPA violations.

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## Additional Considerations

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### ■ **Engagement.**

- US government engagement has been an effective approach to effect meaningful social and legal improvements in EG.
- US engagement has led to substantial rule of law improvements.

### ■ **Security Interests.**

- US has vested security interests in the Gulf of Guinea.
  - Port of Malabo is strategically important to the US Navy and US commercial vessels.
  - Without US naval presence in the Gulf of Guinea, the US risks the possibility that the waterways will become fertile ground for piracy.
- US business interests and the US naval presence provide a measure of stability to the EG government.
- A rift between the two countries would likely destabilize EG. This in turn might destabilize other Central African governments.

### ■ **Commercial Interests.**

- US companies have USD \$14 billion in business invested in EG.
  - These companies face competition from Chinese businesses, among others.
  - Current EG government prefers to do business with the US.
- EG is now sub-Saharan Africa's third-largest oil producing nation.
- US receives 6% of its oil imports from EG.

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